

# Instructions for Michigan Form F-65 (3965) Annual Local Unit Fiscal Report

## GENERAL INFORMATION

### A. Form

**Be sure that your form states that it is for periods ended between July 1, 2005 and June 30, 2006.** There is only one version of the form, regardless of the unit's population or fiscal year end. Note: In the future, the State of Michigan **may** require a separate report on employee retirement systems on a Pension F-65 form.

Internet: Forms are available on our web site at [www.michigan.gov/treasury](http://www.michigan.gov/treasury).

Phone: Call 517-373-3227 to request that a form be mailed to you.

### B. Due Date

The Local Unit Fiscal Report (Form F-65) is due within six months after your fiscal year end.

The local unit of government chief administrative officer may request an extension of the filing deadline. The request must be submitted in writing and clearly state the reasons for the extension. The Department of Treasury (Department) may grant the request for reasonable cause. If the extension is granted, the Department may request an unadjusted report(s) from your local unit, in a form and manner as prescribed by the Department, to be posted to the Department's Web site. **Failure to file or failure to file timely may result in the loss of revenue sharing under Public Act (PA) 140 of 1971.**

### C. Filing

#### • Submitting Form F-65 via E-mail

We strongly recommend that the Local Unit Fiscal Reports (F-65s) be filed electronically. A Microsoft Excel form may be downloaded from [www.michigan.gov/treasury](http://www.michigan.gov/treasury). Click on "Local Government" on the left side of the page, then click on "Forms/Instructions." Download the Form F-65 (in an Excel format) and complete it. Once completed, it can be saved and sent to our office as an attachment via e-mail address [LAFD\\_Audits@michigan.gov](mailto:LAFD_Audits@michigan.gov).

#### • Submitting Form F-65 via U.S. Postal Service

If you choose to mail a paper copy, mail the Form F-65 to the address listed below. Keep a copy for your files.

Fiscal Report Coordinator  
Local Audit and Finance Division  
Department of Treasury  
P.O. Box 30728  
Lansing, MI 48909-8228

## FORM INSTRUCTIONS

### D. General Instructions

#### • Local Unit Identification

Check the Unit Type that applies to your local unit.

If you are a township, city, or village, enter the name of the county in which you are located.

Enter the COMPLETE ADDRESS of your local unit of government. Be sure to include the street address and/or post office box.

- **Fiscal Year End.** Enter the month, day and year of your fiscal year end.
- Enter the name of your unit at the top of the remaining pages.
- **DO NOT** write descriptions or amounts in shaded areas. Shaded areas are reserved for future use, or to indicate that a response would be inappropriate.
- **DO NOT** change or cross out printed data.
- **DO NOT** place more than **one amount in a box.** Combine data for those accounts or funds not listed on the form and report in the applicable "Other" or "All Other" lines on the form as one total amount per box. Retain a worksheet for your records of the amounts, funds, and items that were combined.

### E. Public Inspection

The Single Audit Act (OMB Circular A 133) requires that your combined Federal-State Form F-65 be available for public inspection upon request.

### F. Chart of Accounts

The form has been designed to be compatible with the Uniform Accounting System under which all units should currently be maintaining their records. Those units not on the Uniform Accounting System may refer to the "Uniform Chart of Accounts for Counties and Local Units of Government in Michigan," available on Treasury's Web site at [www.michigan.gov/treasury](http://www.michigan.gov/treasury) under Local Government/Accounting Information. Additional copies of the Uniform Chart of Accounts may also be obtained from our office.

## G. Source of Information and Reporting Period

Form F-65 must report **ALL** financial activity of your governmental unit **except** for trust and agency funds (see item H) and the depreciation in proprietary funds. Do not report any activity for any internal service funds. If multiple audit reports are issued for your unit, the financial data from each audit report must be combined and reported on Form F-65 for your reporting entity. Discretely reported funds shall be reported on the Form F-65 in the appropriate column for fund type based on the Uniform Chart of Accounts.

Report on a twelve-month fiscal year even if your fiscal year has changed. For example, if you changed from a March to a June year end, you would have filed your last Form F-65 for the year ended March 2005 and you will file your current Form F-65 for the 12-month period ended June 2006. The activities of the three months of April, May, and June of 2005 will not be covered on either Form F-65.

If you are required to have an audit for the 2005-2006 fiscal year, please use the audited numbers. However, if you have implemented GASB No. 34, **you should reflect fund financial data and not the government-wide statements.**

The Form F-65 does not satisfy other statutory requirements for audited financial statements required by Public Act 2 of 1968 or the Single Audit Act Amendments of 1996.

If you are not being audited for the current year, **you still are required to file.** Prepare Form F-65 based on your year end trial balance.

## H. Retirement--Trust and Agency Funds

**Exclude** the following from this report:

- Assets, liabilities, equity, revenues and expenditures for the employees' retirement system, deferred compensation plans, and all trust and agency funds
- Internal service type funds

## I. Agency Reporting

Please use the following guide to complete this report.

**Include** in the fiscal activities of your city, county, township, or village:

- Building and parking authorities
- City market authorities
- Housing commission
- Library boards in cities
- Local hospital finance authorities
- Port districts (conterminous with city)
- Public transportation authorities

## J. Joint Agencies

If your government has been assigned the primary responsibility for administering the following joint agencies, include all financial activities of such agencies in this report. Otherwise, report only your government's contributions to such agencies. Some of the joint agencies to include are:

- Joint or inter-local transportation system
- Joint building and parking authorities (city/county)
- Joint water and sewage disposal system
- Joint water supply system
- District public health department
- District mental health department
- District library
- Joint or regional airport
- Community hospital

Note: Your cost of operating a joint or inter-local function should be classified as an expenditure in your financial statements. Your cost is the amount transferred to the accounting unit treasurer and is classified as "other current expenditures."

**Exclude** the fiscal activities of all agencies, authorities, and joint ventures that **are not a part of your entity** (governmental unit). These independent entities may include:

- School districts
- Community swimming pool authorities
- Airport authorities
- Irrigation districts
- Joint hospital authorities
- Metropolitan transportation authorities
- Soil conservation districts
- Charter water authorities
- Metropolitan districts
- Rubbish and solid waste disposal authorities
- Sewage disposal, water supply system authorities
- Water authorities
- Water and/or sewage disposal districts
- Water management districts

**Separate Authority--Use of Funds:** When a unit of government (or two or more units of government) establishes a separate authority and that authority maintains its own accounting records, the special revenue fund presented in the Uniform Chart of Accounts will be reported. It is normally presented in a separate financial report of the authority as the general operating fund of the authority.

While it is common for the above to occur, it is also common for the authority (in the agreement between the units or otherwise) to agree that one of the participating units maintain the treasury and accounting functions for the authority. When this occurs, the Department recommends that the largest participating unit be selected. The unit maintaining the accounting for the authority would use the appropriate fund(s) in the appropriate fund type.

The authority's fund(s) would be reported by the unit maintaining the accounting for the authority as a **discretely presented component unit** in their financial report as would single unit authorities. Also, the unit should record the discretely presented component unit as part of their Form F-65 report.

Examples (list is not all-inclusive) could include:

Fund No.

- 208 Park/Recreation Fund
- 210 Ambulance Fund
- 227 Sanitary Landfill Fund
- 244 Economic Development Fund (and the related debt service and capital projects funds)
- 247 Tax Increment Finance Authority (and the related debt service and capital projects funds)
- 248 Downtown Development Authority (and the related debt service and capital projects funds)
- 265 Drug Law Enforcement Fund

Discretely Presented Component Units--Other discretely presented component units include:

**County**

Fund No.

- 201 County Road Fund
- 221 District Health Fund
- 222 District Mental Health Fund

**Cities, Villages, Townships**

Fund No.

- 271 Library Fund (unless unit's governing body operates)

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**PART I: STATEMENT OF OPERATIONS**

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**Lines not listed are self-explanatory. DO NOT place more than one amount in a box.**

Report the final adjusted balances of all revenues received and expenditures made **by fund type** (columns "a" through "e") in accordance with the official state uniform chart of accounts and your annual financial audit report. Take information directly from your audit report where possible. Fund types may be as follows:

- General Fund--(column a)
- All Other Governmental Funds--(column b)
  - Permanent Funds (Combine as part of column b)
  - Special Revenue (Combine as part of column b)
  - Debt Service Funds (Combine as part of column b)
  - Capital Project Funds (Combine as part of column b)
- Enterprise Fund Type--(column c)
- Discretely Presented Component Unit Funds--(column d)
- Total--(column e)

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**REVENUES**

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**Tax Revenues (101-172)**

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Note: Use the **account numbers** (page 1 through page 3) to complete the Form F-65 for **revenues**.

Tax Revenues, Account Numbers 400-449. NOTE: Taxes may be accounted for in the general fund, special revenue fund type and sometimes debt service fund types.

**Line 101.** Report as "**property tax revenue**" only property tax collections for your local government purposes, including agencies and departments of your unit. Include taxes you levy for the operation of joint or inter-local governmental operations for libraries, fire, police departments, etc. Do not include taxes you collect for other governmental units.

- Report as property tax revenue any special assessment levies that meet all of the following criteria:
  - (1) The special assessment district and the governmental unit have a common boundary.
  - (2) The special assessment levy is on an ad valorem basis for all property in the governmental unit.
  - (3) The special assessment is not computed based on benefit to the property.
  - (4) The special assessment is for a general public purpose of the governmental unit, not of a fractional district.
- Report also the following on **line 101**:
  - (1) Delinquent taxes, penalties, interest and fees
  - (2) Excess of roll
  - (3) An extra voted levy for a specific purpose such as fire, ambulance, parks, etc.
  - (4) Penalties/Interest and fees:
    - Penalties/Interest and fees on tax collections
    - Property tax administration fees
    - Collection fees
    - County expense of sale

**Lines 102-107.** Report as separate items the following **taxes in general**: tax reverted property, commercial facilities tax, trailer taxes, hotel/motel tax, industrial facilities tax, and income tax for your local unit. Income taxes normally fall within the general fund of a city and do not apply to any other unit of government.

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**Licenses and Permits (108-109)**

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Enter any revenue for licenses and permits that fall between revenue account numbers 450 through 500.

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**Intergovernmental Revenue from Federal Government (110-117)**

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**Federal Aid Grants (118-121)**

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**Intergovernmental Revenue from State (122-137)**

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**Contributions from Local Units (138-148)**

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**Lines 122-145.** Enter the following on these lines, not as a tax revenue:

- Swamp land taxes (**line 125**)
- Payment in-lieu-of taxes (**line 124**)
- State revenue sharing (**line 122**)
- All State grants
- All Federal grants
- Bankhead Jones Forest Reserve (**line 125**)
- National/Commercial Forest Reserve (**line 125**)
- Fees from exempt housing projects (MCL 125.1415a) (**line 145**)

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**Charges for Services (149-160)****Fines and Forfeits (161)****Interest and Rents (162-163)**

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**Other Revenue (164-172)**

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**Line 171.** Extraordinary/Special Items. Report any significant transactions that are both unusual in nature and infrequent in occurrence.

**Line 172.** Transfers In. Record any transfers from other funds on this line. The total of all transfers to other funds should equal the total of all transfers in from other funds. Please note any exceptions in a footnote.

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**EXPENDITURES (CURRENT)**

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**General Government (201-210)**

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Note: Use the *activity number* (page 3 through page 4) for **expenditures**. Some of the activity numbers that your unit of government uses may differ from the revised Uniform Chart of Accounts (UCA). In the manual there is a conversion chart from the previous activity numbers to the current numbers. For example, activity number 191 in the former chart of accounts was for elections, however, in the revised chart it is used for the accounting department. Most of the activity numbers are the same.

**Line 201.** Legislative (Council, Board, and Commission). Record all activities that fall between activity numbers 100 through 129. This will include all recorded expenditures for the governing body in the performance of its duties.

**Line 202.** Judicial. Record all court activities that fall between activity number 130 through 169. This will include the trial court, circuit court, district/municipal court, friend of the court, law library and any other functions related to the courts in the local unit of government.

**Line 205.** Assessing Equalization. Record the activities for the assessor (257), property description department (243-246), and board of review (247). Also include activity for the equalization department on this line.

**Line 206.** Clerk. For the combined office of city clerk/treasurer, it is preferred that separate activity cost classifications be maintained for the functions and expenditures of clerk and treasurer with salary and other costs, as applicable, prorated between the two functions (activities). However, if your unit has not maintained separate cost classifications and you are unable to prorate the cost between the separate functions of the clerk/treasurer, report the combined cost of the clerk/treasurer as “clerk’s office” expenditure on line 206.

**Line 208.** Finance and Tax Administration. Record all activities related to the accounting/finance department (191), budget department (212-214), internal audit/external audit/board of auditor (223-224), data processing/computer department (228), and purchasing (233-235).

**Line 209.** Building and Grounds. Record only activities related to building and grounds.

**Line 210.** All Other General Government. Record all other activities that are not included above. Examples: cooperative extension (261), corporate counsel (266), prosecuting attorney (267), register of deeds (268), civil service (269), personnel (270), retirement department (274), drain commissioner (275), cemetery (276), abstract department (277), surveyor (278), building authority (279), and soil conservation (280), which fall between activity numbers 261 to 299 in the revised UCA.

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**Public Safety (211-217)**

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**Line 217.** All Other Public Safety Activities. Record all other activities such as civil defense (426), and animal shelter/dog warden (430) that fall between activity numbers 400 to 439 in the revised UCA.

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**Public Works (218-226)**

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**Health and Welfare (227-237)**

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**Line 236.** Veteran’s Programs. Include veteran’s programs (681-684) and soldiers’ and sailors’ relief (689) on this line.

**Line 237.** All Other Health and Welfare. Include mosquito control (620) state institution (650) and all other activities not noted above per each line.

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**Community/Economic Development (238-241)**

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**Line 239.** Community Planning and Zoning. Record all activity related to the planning department and zoning board (721-727). The chart of accounts shows planning and zoning as part of community and economic development function where as in the past it was shown as part of the general government.

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**Recreation and Culture (242-244)**

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**Other (245-249)**

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**Line 245.** Include fringes, benefits, FICA, and insurances which are not recorded elsewhere (850-899).

**Line 246.** Capital Outlay. Report capital outlay as an activity on this line in accordance with the Uniform Reporting Format issued by the Department (900-904).

**Line 247.** Debt Service. Report the amount paid for all debt regardless of fund type on this line (905-929).

Utility Reporting (Electric, Water, Sewer, etc) and All Other Enterprise Funds Reporting:

- The Federal Census is not concerned with the amount that is reported in the enterprise funds as depreciation. Do not include or report depreciation on this form. Since depreciation is being excluded, treat purchases of fixed assets that are capitalized in the enterprise funds and internal service funds as capital outlay. (Note: Also see section on capital outlay expenditures.)
- Report as revenue receipts from contributions, grants, and other sources that are normally reported as contributed capital in accordance with generally accepted accounting principles.

**Line 248.** Transfers (Out). The total of all transfers from other funds (line 248) must equal the total of all transfers to other funds (line 172). Please note any exceptions in a footnote. Also note that internal service type funds are not reported on the form and may cause the transfers not to equal.

Residual equity transfers should be reported as part of transfers in and transfers (out). There is no other area on the form to report them. Therefore, explain in the notes if this applies to your unit of government.

**Trust and agency funds** are **not** reported on the Form F-65 (see item H). Transfers from trust and agency funds to other operating funds are **not** classified and reported as “transfers from other funds.” Report and classify as the appropriate revenue in the receiving fund. For example, report tax collection transfers from the Tax Collection Fund as tax revenue in the receiving fund, (General Fund, Debt Service Fund, etc.), interest earned from investments as interest, etc. Also, classify transfers from permanent trust funds as a contribution, donation or the applicable classification for that specific transaction.

**Line 249.** Extraordinary/Special Items. Report any significant transactions that are both unusual in nature and infrequent in occurrence that have been paid out.

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**PART II: STATEMENT OF OPERATIONS**  
**CAPITAL OUTLAY (401-425)**

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In reporting disbursements for capital outlay, report only the amounts actually expended or incurred for this purpose during your fiscal year, including construction in progress. NOTE: These disbursements are classified and reported as increases to capital assets in the unit of government’s accounting records and audit report.

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**PART III: STATEMENT OF POSITION**

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Report the final adjusted balances of assets, liabilities and fund equities in accordance with your unit’s audited financial statements (or year-end trial balance if your unit is not subject to an audit requirement). The balance in each account category should be reported **by fund type**. The total amount calculated for assets (line 521) must equal the total amount calculated for liabilities and equity (line 535). Use the balance sheet account

numbers listed as a reference in completing this portion of the Form F-65.

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**ASSETS**

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**Cash and Investments (501-506)**

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**Line 501.** Record all cash and certificate of deposits on this line for all funds except for debt service and capital project funds.

**Line 502.** Record any **debt service** fund’s cash and certificates of deposits on this line in column (b) and carry the amount over to the total column (e).

**Line 503.** Record any **capital project** fund’s cash and certificates of deposits on this line in column (b) and carry the amount over to the total column (e).

**Line 504-506.** Record any investments in securities the same as above if it applies to your unit of government.

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**Receivables (507-510)**

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**Prepaid and Other Deferred Expenses (513)**

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**Capital Assets (514-521)**

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**LIABILITIES**

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**Current Liabilities (522-524)**

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**Line 522.** Due to Other Funds. The total entered for amounts “Due to Other Funds” (line 522) should equal the total entered for amounts “Due From Other Funds” (line 509). Note any exceptions in a footnote. Note: Since the form does not include fiduciary fund types, permanent fund types or internal service type funds, the “due to” and “due from” other funds may not equal.

**Line 524.** All Other Accounts Payable and Current Liabilities. It should include all other liability amounts not specifically identified in lines 522-523.

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**Long-Term Liabilities (525-528)**

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**Fund Equity (529-535)**

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**Other Balance Sheet Information (536-537)**

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**PART IV: OTHER SUPPLEMENTARY INFORMATION**

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**Property Tax Detail (601-606)**

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Report property tax detail per the Tax Rate Request Form 614 (L-4029), as follows:

- Purpose--column (2);
- Authorization--column (1);
- Original millage authorized--column (4);
- Headlee rollback--column (9);
- Millage levied--column (10) and (11).

Report the tax millage rate as a decimal, not a fraction (please extend four digits to the right of the decimal point).

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**Intergovernmental Expenditures (607-618)**

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Report all payments to other governmental units (local and state) for services (police, fire protection, library, road improvements, tax statements, tax assessing, joint purchases of supplies, etc.).

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**City Income Tax Detail (619)**

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**Personnel Statistics (620)**

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**Line 620.** Be sure to enter your government's total salaries and wages on line 620. **Include all compensation** (salaries, per diems, etc.) paid from any fund. Any compensation paid to elected or appointed officials (board members, special boards or commissions, board of review, election workers, etc.) is considered employee compensation and should be reported here. In general, these should be the same amounts reported on Federal forms W-3. **Do not include payments to independent contractors or other units of government** (such as for police and fire contracts).

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**Investment Information (621-623)**

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Please note Treasury numbered letter 1998-3 and 1998-4 on the Treasury Web site at [www.michigan.gov/treasury](http://www.michigan.gov/treasury) under Local Government/Accounting Information. Subject to the requirements of the Investment of Surplus Funds of Political Subdivisions Act, PA 20 of 1943, as amended, a local unit must adopt an investment policy, which includes all of the following:

- A statement of the purpose, scope, and objectives of the policy, including safety, diversification, liquidity, and return on investment.
- A delegation of authority to make investments.
- A list of authorized investment instruments. If the policy authorizes an investment in mutual funds, it shall indicate whether the authorization is limited to securities whose intention is to maintain a net asset value of \$1.00 per share or also includes securities whose net asset value per share may fluctuate on a periodic basis.
- A statement concerning safekeeping, custody, and prudence.

Note on lines 621 through 623 if your unit of government is in compliance with PA 20 of 1943.

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**Retirement Systems (624-630)**

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**Other Information--Derivatives (631-635)**

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An accurate schedule reporting both nonpension fund and pension fund derivative investments at fiscal year end is statutorily required. A summary of the cost and market value of these investments in aggregate and an itemized list by issuer is required for both nonpension and pension funds. For purposes of this section, "pension" includes a public employee health care fund as defined in the Public Employee Health Care Investment Act, PA 149 of 1999, MCL 38.1211 to 38.1216. It also includes any other pension plan for which the local unit manages the investments (either directly or through

an appointed pension board). Investments of defined contribution plans and deferred compensation plans that are chosen by the employee participating in the plan can be excluded.

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**PART V: INDEBTEDNESS**

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**Long-Term Debt (636-637)**

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Report all bonds, mortgages, etc., with an original term of more than one year including revenue bonds, special assessment bonds, and general obligations. Include debt refunded as well.

**Line 636.** Include all public debt for direct funding of private sector activities such as industrial and commercial development, pollution control of private facilities, housing and mortgage loans, private hospital construction, private sports stadia, convention centers, shopping malls, economic revitalization, and other private projects.

**Line 637.** Record all other debt instruments with an original term of more than one year.

**Exclude:** capital leases and amounts for compensated absences.

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**Short-Term (Interest-Bearing) Debt (638-639)**

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Report all tax anticipation notes, bond anticipation notes, interest-bearing warrants, and other obligations with an original term of one year or less.

**Exclude:** accounts payable, other noninterest-bearing obligations, and current portion of long-term debt.

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**Interest on Debt (640-643)**

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**PART V: CERTIFICATION**

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If you chose to mail in the Form F-65 report, the chief administrative officer of the local unit of government should sign and date the form in the appropriate boxes. If the form is e-mailed electronically, no signature is required.